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ABSTRACT

The numbers of participants in continuing education and the amounts expended on them illustrate the growing impact of continuing education on college and university financing. Although postsecondary institutions are eager to enroll adult students, they fail to recognize that the average student is no longer 18 and thus has different financial and service needs. The administration of continuing education is marked by contradictions. Although its objectives are distinctly instructional, its financing often follows the auxiliary services model of self-support. Apart from the adult students' own money, most of the support for continuing education comes from the Federal Government. Barriers to adult students' access to financial aid are part-time enrollment, inaccurate assessment of discretionary income, and the minimum limit of federal grants. Options for supporting continuing education most favored by leaders in higher education include tax allowances (income tax deductions, deferments, credits), educational entitlements and vouchers, employer-sponsored programs, and fundraising and development. Five recommendations for change are eliminating the use of continuing education units (CEUs) to generate profits for the institution, keeping CEUs close to the academic mission of the institution, using income tax credits, gaining business support, and pursuing fundraising more vigorously. (YLB)

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FINANCING CONTINUING HIGHER EDUCATION: A REVIEW OF THE LITERATURE

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INTRODUCTION

Directors of continuing higher education units often seem slightly paranoid about their institutions, feeling that they bear a disproportionate burden of financial responsibility. Milton Gordon, former Dean of University Extension at University of California--Berkeley, complained: "Where the mistake has occurred over the years, for all kinds of good reasons, is that we are preoccupied with money. We talk about money all the time. We talk about money when it isn't necessary." (Loring 1980, p. 166). Administrators of continuing education can scarcely be blamed for their concern, for as Loring (1980) observes, financial issues "describe, define, and delimit all of the processes, the programs, and philosophy of any unit of continuing education." (p. 132).

However, scholars often complain about the dearth of literature about financing continuing education (Shipp 1982; Anderson and Kasl 1982). The diversity of continuing education practices contributes to the problem. For example, individual institutions may define a "part-time student" as 50% or 75% of a full-time equivalent, or anything less than 100%, making it impossible to get meaningful comparative data on part-time student enrollment (Loring 1980). The sources of continuing education funds are equally diverse; Christoffel (1978) found 270 federal programs coordinated by 29 cabinet-level agencies providing support for adult education to some degree. Smith

(1983) refers to employer-sponsored education and training as a "shadow education system" because data is not collected in any consistent or reliable fashion. Consequently, much of the existing literature addresses policy issues related to inadequate support of continuing education. Another body of literature explains how to "get rich quick," merely transposing marketing principles to education with relatively little modification. The purpose of this paper is to review the literature on continuing education to reveal aspects of financing that are unique to continuing education, or have some special application within that division of higher education.

LIMITATIONS

This analysis will not include agricultural cooperative extension because it has traditionally held separate status at most institutions, and benefits from a more stable financial base. It is also not feasible to consider the more peripheral functions such as educational broadcasting, campus museums, or community development centers, all of which are sometimes administered through continuing education units. The focus shall be on the two areas of continuing education found at most institutions, credit programs for certificates or degrees and non-credit programs, typically of short duration.

PARTICIPATION IN CONTINUING EDUCATION

The numbers of participants in continuing education, and the amounts expended on them, illustrate the growing impact of

continuing education on college and university financing. Participant characteristics such as income, age, and motives influence the source and utilization of funds. According to the American Council on Education, since 1969 more students have attended postsecondary education on a part-time basis (58%) than full-time (42%). The median age of the population is shifting from 28.8 in 1975 to 32.8 by 1990 (Martel 1981). The part-time enrollment of 31 million adults in 1980 converted to 7.9 million full-time equivalents (Wagner 1983). Although non-credit enrollment is not recorded and reported in any consistent fashion, the National Center for Education Statistics estimated 12.3 million registrations for non-credit programs in 1979 (Scott 1983). Approximately half of all postsecondary education for adults occurs at colleges or universities (Loring 1980; Wagner 1983).

The National Center of Education Statistics found that 56.7% of the revenue in continuing education comes from the students themselves, 27% from employers, and 16.7% from public funds (Loring 1980). In a related survey by the National University Continuing Education Association, over half of the public universities reported at least 10% of their budget were state allocations, and nearly 20% indicated state allocations over 50%, apparently for credit programs. Student fees make up the remainder of the budget. In what may be a growing trend, 16% of the colleges received over 25% of their budget from business grants and contracts (Moore 1980).

Michael Worth (1981) reports that three-quarters of adult students are employed, with 53% going to college for job-related purposes. This figure suggests that colleges ought to be able to increase the proportion of their income from business and industry contracts. The use of continuing higher education for job training also suggests a relationship to employment and ecomonmic development. Worth (1981) asserts that in the politically conservative 1980s and 1990s, productivity is a more effective argument on behalf of continuing education funding than equity, a common concern in the 1960s and 70s.

Yet the equity argument does remain, and many continuing education directors complain about an anti-adult bias in higher education. Harrington (1977) notes that more adult degree candidates come from families with lower income than students who go directly to college from high school. In fact, poor finance is often one of the reasons for delayed college entry. When adults do enter, they are not likely to receive family support like the younger students. Thus adults continue to work while attending college part-time, but the institutions charge more per credit on a part-time basis than the per unit cost on a full-time basis. Often, adult students are paying for student services they do not use, such as recreation, and do not receive services they do need, such as child care, career-change counseling, and evening or weekend office hours (Harrington 1977; Loring 1980). Although postsecondary institutions are eager to enroll adult students, they fail to recognize that the average student is no longer eighteen, and thus has different financial and service needs.

ACADEMIC VERSUS AUXILIARY SERVICE

The administration of continuing education is marked by contradictions. For example, the objectives of continuing education are distinctly instructional, contributing to the academic mission of the institution. Thus, at many institutions, continuing education is a subdivision of the office of academic affairs. The director of continuing education, whatever the actual title, usually reports directly to the chief academic officer or provost. Yet, the financing of continuing education often follows the auxiliary services model of self-support, like athletics and food service (Harrington 1977). Furthermore, the success of continuing education is evaluated financially, by total enrollments and the degree of margin or profit generated. The goals of continuing education may be academic, but acceptability in the marketplace is the measure of performance, rather than academic excellence (Loring 1980). Evaluation on the basis of enrollments is particularly troubling because that merely tests inputs, whereas evaluation of outcomes is the more appropriate measure of educational value. The outcomes of continuing education might be seen in attainment of learning objectives, job placements, promotions, salaries, or admissions to graduate school.

Exasperated continuing education directors exclaim: "Why should adult education pay its own way? Undergraduate, professional, and graduate students do not pay their way." (Harrington 1977, p.190). Anderson and Kasl's survey (1982) found an average net profit per continuing education course of

$315, even after paying salaries and indirect costs within the institution. Matkin (1981) claims that overhead fees have increased greatly in recent years, as colleges sought relief from inflation by charging their own divisions for classroom rental, library use, administrative services, and so on. Continuing education units that once received institutional subsidy found their support reduced or eliminated. Some programs do run deficits, but the larger departments offering more than 340 programs annually are more likely to generate profit (Anderson and Kasl 1982). Because of diminishing general support, continuing education units in public colleges function much like the private and proprietary colleges, especially in non-credit programming (Loring 1980). Consequently, the literature on financing continuing education makes little distinction between public and private institutions.

The problem is the pressure to contribute surplus to the general budget on a consistent basis, or in increasing amounts, forcing continuing education units to operate as businesses instead of working for the general welfare of individuals and society. Directors of continuing education do indeed perceive benefits to society worthy of support. Harrington (1977) summarizes the argument well, asserting that the continuing education most benefits the government, the economy, the culture, and general welfare. Continuing education contributes to the gross national product, creates more productive workers, and improves public taste. These benefits seem as desirable for the nation as those claimed for the education of traditional students.

SOURCES OF SUPPORT FOR CONTINUING EDUCATION

Apart from the adult students' own money, most of the support for continuing education comes from the federal government. Some of the programs support only certain groups of students, such as the Job Training Partnership Act for the unemployed, the Adult Basic Education Act for the functionally illiterate, and various programs for veterans. Between 1944 and 1979, fourteen million veterans used education benefits from the GI Bill, with approximately three quarters of those students enrolled in college or university credit programs (Levin 1983).

Other programs support persons with general financial need, such as the Pell Grants, SEOG, College Work Study, National Direct Student Loan, and Guaranteed Student Loan. However, these are aimed at traditional students, ages 18-24, so many of the requirements present barriers to adult participation. For example, these resources are available only to student enrolled in credit programs, but many working adults have no need for credit even if they do need the training (Loring 1980). Another major obstacle is the insistence upon at least half-time enrollment (which admittedly has been interpreted more liberally in recent years). Many older students work full-time, permitting only part-time enrollment. It is erroneous to assume that these working persons can afford additional education, since often the motive for returning to school is to improve inadequate personal income (Harrington 1977; Loring 1980; Worth 1981). Furthermore, part-time students may take twice as long to complete a degree as traditional students, but many aid programs limit eligibility to

four or five years (Worth 1981). Work study jobs are impossible for persons already working, and the typical family burdens of mortgages and credit purchases make college loans unfeasible (Harrington 1977). In general, the major aid programs inacccurately assess the discretionary income of adults, expecting them to make greater contribution towards financing their education than young persons (Loring 1980; Worth 1981).

A final barrier to adult participation in federal financial assistance is the minimum limit, around $200 for most programs. Because part-time students need less per quarter, they often find themselves ineligible for the minimum grant, although the need does exist. Although Loring (1980) claims a lower minimum would benefit students, she argues on the other hand, rather ironically, that processing applications even for the current minimum is too costly for institutions. Since it sometimes costs as much as $400 to process applications, it would be more cost effective for the institution to give up to that amount to students directly from the college accounts. This could be done with only a minimum of paperwork. Because of these financial conundrums, Loring and other seek new solutions for supporting continuing education. Following are the options most favored by leaders in higher education.

Tax Allowances. Tax allowances include income tax deductions, deferments, and credits. Until the 1986 Tax Reform Act, unreimbursed job-related education was a deductible expense, but that option is limited now to training required by the employer, deductible as an employee's business-related expense.

Worth (1981) favored changing the tax deduction to a tax credit, similar to the homeowner's energy-saving investment tax credit. Unfortunately, he thought that for political reasons it would be necessary to limit tax credits for continuing education to career education. Of course, this proposal assumes that participants in continuing education do pay taxes, which excludes people without income, the ones most in need. Pell Grants and loans offer direct assistance up front, whereas the benefits from tax allowances of any kind are delayed (Martel 1981; Worth 1981). It would be necessary to retain the existing federal financial aid programs for the poor, but tax credits would benefit the middle-income sector most, which has obvious political appeal. Tax credits offer other advantages too. They can be offered without significantly expanding federal bureaucracy, and at the same time they would relieve colleges and universities from much of the paperwork required to administer existing aid programs. Because the benefits of tax allowances go directly to students without passing through institutions in any way, students have considerable freedom of choice in types of programs and place of enrollment (Martel 1981; Loring 1980).

Others prefer giving tax credits to employers instead of individuals. Because there have been various tax credits available for investments in plant and equipment, Worth (1981) maintains that comparable credits should be offered as an incentive for business investment in "human capital" (p. 57). Such a "human investment tax credit" relies on private, not federal action, and should enhance the productivity of American

businesses and their competitiveness in the world market. The political appeal of tax allowances for education is demonstrated by endorsements from several 1988 presidential candidates. Dole, Robertson, Jackson, and Simon all recommend corporate and individual tax incentives for training and re-training. Dole, Bush, and Gephardt also propose IRA-type accounts for education , but these are meant to benefit the children of middle-income parents who would contribute to such accounts ("Views of Candidates" 1988). Nonetheless, tax-exempt education saving accounts might be used to support lifelong learning, somewhat like the entitlement system advocated by others in continuing education.

Educational Entitlements and Vouchers. Timmerman (1983) outlines a "parafiscal model" for financing continuing education. Under this plan, employees would pay a payroll tax, with the revenue going to a centralized fund, or perhaps decentralized funds on the basis of regions or professions. This method uses "intermediate financing," with revenue coming from many sources for redistribution to beneficiaries. Timmerman suggests that funds could be allocated directly to businesses for their organizational training needs, whereas others prefer entitlements--claims redeemable by individuals for their own education. Loring (1980), Levin (1983), and Rehn (1983) recommend educational vouchers to preserve equity of access and learners' independent choice about how best to meet their educational needs. Rehn outlines a system of general income insurance with drawing rights under which people would pay taxes

early in life for uses of their own choice--including education--later in life. Like social security, this would be a method of transferring income between different parts of our lives. Levin (1983) points to the GI Bill as a model for an expanded system of educational entitlement because the bill's tremendous success in advancing the education of veterans, especially disadvantaged persons. 1988 presidential candidates proposing individual entitlements included Babbitt and Hart. The latter had specific plans for "portable pensions" and "individual training accounts" ("Views of Candidates" 1988)

Employer-Sponsored Programs. Smith (1983) notes that estimates of annual expenditures for employee education range from $2 billion to $100 billion. The American Society for Training and Development reported $30 billion spent by business and industry for employee education, with $1.1 billion spent by AT&T alone (Scott 1983). A Conference Board survey found 5 million persons participating annually employer-sponsored education, with 3.7 million in-house and 1.7 million receiving tuition reimbursement (Worth 1981). A 1975 survey of all firms with more than 500 employees reported that 89% offered some form of tuition aid for after hours courses, which is the type of service that colleges can most readily provide for businesses. Also, more labor unions are negotiating tuition assistance plans as part of their company contracts. Nearly 2 million workers were covered by negotiated union plans in 1977. Tuition aid plans are even more common among smaller businesses which cannot afford their own in-house training divisions, although such

assistance is less likely to be guaranteed by contract in the smaller companies. However, 1977 Bureau of Labor Statistics estimate only a 4% participation rate by employees in negotiated tuition assistance plans (Smith 1983). A possible strategy for increasing employee access to higher education is to provide more continuing education on-site, but public colleges and universities should be wary of competing directly with independent consultants and contractors. The numerous private trainers may protest unfair competition from the state, just as private bookstore owners have recently (Loring 1980). Still, it appears that business and industry have the potential to provide much more support for continuing education.

Fundraising and Development. Private foundations fill the gaps in society; the financing of adult and continuing education has long been one such gap. The Ford, Kellogg, and Carnegie foundations have been major supporters, joined today by the Lilly, Mott, and Sloan foundations. Unfortunately, the major philanthropic societies usually give only to the major universities (Harrington 1977). Furthermore, they usually fund very specific projects, and then only initially, leaving the institution searching for other ways to maintain the programs (Loring 1980). However, there is a growing awareness that college and university development funds might pursue support for continuing education more aggressively (Churgin 1983; Harrington 1977). Potential supporters include alumni, business and industry, private donors, local foundations, local government, and religious and volunteer organization.

CONCLUSIONS AND RECOMMENDATIONS

Continuing education, once commonly known as university extension or general extenstion, was traditionally defined as the extension of college or university resources to persons not normally served by the institution. However, social trends such as an aging population and rapidly changing technology, combined with actual participation rates in postcompulsory education, indicate that older students are now the norm at many institutions. The growing presence of adults on campus is not likely to change in the next few decades. Arguments about the role of continuing education in increasing economic productivity and equity are compelling. Understandably then, leaders of continuing higher education are frustrated by their status as second-class citizens in academia. Worse yet, continuing education is seemingly regarded as a "cash cow" at some institutions. The literature reveals five recommendations for change.

(1) Using continuing education units to generate profit for other parts of the institution is not appropriate. Some colleges need to recognize and accept the change in clientele and alter services accordingly, rather than use continuing education to support the new minority on campus--youth--who currently have greater access to financial support. Harrington (1977) points out that when fees are raised for "traditional" students, part of the extra income is often plowed back into scholarships for the needy. It is time to return some of continuing education's funds to needy adults, whether for individuals or general support of the program.

(2) It seems advisable for continuing education units to stay close to the academic mission of the institution. When continuing education units rely on cake decorating and belly-dancing courses to increase registration, it is little wonder that adult education is regarded as an auxiliary service. Moreover, taxpayers and donors are more willing to support the study of genetics or Asian languages than wine appreciation. Colleges and universities should remember that what they offer is continuing higher education. Strictly academic programs are also less likely to compete with private entrepreneurs who cannot offer credit or the stable reputation of the college, even if they can provide comparable educational quality.

(3) Of the various proposals for increasing federal support of continuing education, income tax credits have the most support from both education and political leaders. Tax credits would offer the greatest benefit to the greatest number of persons by preserving equity of access and freedom of choice, while adding little to existing institutional and federal bureaucracy. However, in this current era of tax reform and federal deficits, amendments to the tax code may be delayed for a few years.

(4) With estimates of annual business spending on employee education ranging from $2 billion to $100 billion, there is a ready market for continuing education. Already, business contracts contribute over one fourth of the support for some continuing education units. If continuing education does indeed revitalize the economy by enhancing worker productivity, employability, and competitiveness in world trade, surely even more support can be found for training with enduring academic

value. Although businesses typically support fairly specific training programs, it may be possible to get more general operating support. After all, many businesses support projects from the ballet to food pantries, all for the general good of the community. Continuing education can make similar claims about its value for all of society.

(5) Fundraising for continuing education should be pursued more vigorously. The alumni of any institution, for example, have traditionally been reliable supporters. There are now many alumni who have graduated as adults or received valuable non-credit training, who should know the value of continuing education from firsthand experience. If approached by the development fund in the right way, such persons who are now successful leaders on the job and in the community are likely contributors. There are also many organizations in the community who may be amenable to supporting continuing education, but who have never been approached.

In a wry deviation from the usual whining about lack of support, Morton Gordon remarked: "The lack of money has largely prevented a number of continuing education units from doing a lot of dumb, unnecessary things." (Loring 1980, p. 164). There are, however, things necessary for the good of society and individual institutions. Improved support for continuing education should help make those necessary things possible.

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